



# RULE-MAKING ORDER

**CR-103 (June 2004)**  
(Implements RCW 34.05.360)

Agency: Office of the Insurance Commissioner

☒ Permanent Rule  
☐ Emergency Rule

Effective date of rule:

**Permanent Rules**

☒ 31 days after filing.  
☐ Other (specify) \_\_\_\_\_ (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

Effective date of rule:

**Emergency Rules**

Immediately upon filing.  
☐ Later (specify) \_\_\_\_\_

Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

☐ Yes ☒ No If Yes, explain:

**Purpose:** These new rules establish requirements for underwriting standards that prevent fraudulent or speculative purchase of juvenile life insurance policies and contracts.

Insurance Commissioner Matter No. R 2007-09

**Citation of existing rules affected by this order:**

Repealed:

Amended:

Suspended:

**Statutory authority for adoption:** RCW 48.02.060 and 48.23.345

**Other authority :**

**PERMANENT RULE ONLY (Including Expedited Rule Making)**

Adopted under notice filed as WSR 08-24-107 on December 3, 2008.

Describe any changes other than editing from proposed to adopted version:

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

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## EMERGENCY RULE ONLY

Under RCW 34.05.350 the agency for good cause finds:

- ☐ That immediate adoption, amendment, or repeal of a rule is necessary for the preservation of the public health, safety, or general welfare, and that observing the time requirements of notice and opportunity to comment upon adoption of a permanent rule would be contrary to the public interest.
- ☐ That state or federal law or federal rule or a federal deadline for state receipt of federal funds requires immediate adoption of a rule.

Reasons for this finding:

**Date adopted:** January 21, 2009

**NAME (TYPE OR PRINT)**

Mike Kreidler

**SIGNATURE**

**TITLE**

Insurance Commissioner

## CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

**DATE:** January 21, 2009

**TIME:** 8:13 AM

**WSR 09-03-104**

(COMPLETE REVERSE SIDE)

**Note: If any category is left blank, it will be calculated as zero.  
No descriptive text.**

Count by whole WAC sections only, from the WAC number through the history note.  
A section may be counted in more than one category.

The number of sections adopted in order to comply with:

Federal statute:	New	_____	Amended	_____	Repealed	_____
Federal rules or standards:	New	_____	Amended	_____	Repealed	_____
Recently enacted state statutes:	New	_____	Amended	_____	Repealed	_____

The number of sections adopted at the request of a nongovernmental entity:

New	_____	Amended	_____	Repealed	_____
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The number of sections adopted in the agency's own initiative:

New	<u>3</u>	Amended	_____	Repealed	_____
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The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New	<u>3</u>	Amended	_____	Repealed	_____
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The number of sections adopted using:

Negotiated rule making:	New	_____	Amended	_____	Repealed	_____
Pilot rule making:	New	_____	Amended	_____	Repealed	_____
Other alternative rule making:	New	_____	Amended	_____	Repealed	_____

#### NEW SECTION

**WAC 284-23-800 Purpose and scope.** The purpose of these rules is to prevent the purchase of juvenile life insurance for speculative or fraudulent reasons, by ensuring that insurance underwriting practices consider such risk, and by setting forth the minimum practices required to insure the life of a juvenile. These rules apply to any insurance issued in Washington state on the life of a juvenile.

#### NEW SECTION

**WAC 284-23-803 Definitions.** For the purpose of this rule, the following definitions apply, unless the context clearly requires otherwise:

(1) "Insurable interest" means a relationship to the insured at the time of application congruent with the continuance of the life of the insured, and as further defined in RCW 48.18.030 and 48.18.060(2).

(2) "Juvenile" means a person younger than eighteen years of age.

(3) "Juvenile Life Insurance Contract" means a life insurance contract issued on the life of a juvenile.

(4) "Parent or legal guardian" means a natural parent, an adoptive parent whose status is documented in a final court order of adoption or a court appointed legal guardian for the juvenile. Step-parents who have not legally adopted the juvenile, foster parents, noncustodial parents or relatives acting in loco parentis are not considered parents or legal guardians of the juvenile for purposes of this rule.

#### NEW SECTION

**WAC 284-23-806 Required procedures and standards for sale of juvenile life insurance policies.** Beginning July 1, 2009, an insurer must comply with the following procedures and standards when selling juvenile life insurance policies:

(1) An insurer may refuse an applicant's request for life insurance when the combined life insurance-in-force exceeds the

issuing insurer's maximum for juveniles.

(2) Life insurance upon a juvenile may not be made or take effect unless at the time the contract is made, the applicant is a person having an insurable interest in the life of a minor or is a person upon whom the minor is dependent for support and maintenance. The insurer must obtain and keep documentation sufficient to demonstrate that the person applying for the policy has an insurable interest in the life of the insured.

(3) In addition to the signature of the applicant, the following consent as evidenced by signature must be obtained before submitting the application for underwriting:

(a) The parent or legal guardian with whom the juvenile resides must sign the application if the applicant is not a parent or legal guardian.

(b) Any juvenile age fifteen or older must sign the initial application for insurance on the juvenile's life.

(4) An insurer must have justification for selling a life insurance policy on the life of a juvenile in excess of reasonably anticipated costs associated with the juvenile's funeral, other death expenses or costs of mental health treatment for family members or loss of income to the family. The insurer must provide the insurance commissioner with documentation from its records and files to support the justification upon request. The justification must contain the following elements:

(a) The justification must conform to the insurer's established standards and practices for juvenile life insurance or explain any variance.

(b) Identify the amount, if any, of other life insurance contracts on the life of the juvenile which are in force at the time of application.

(c) Whether and to what extent the beneficiary or applicant is dependent on the juvenile for income or other support.

(d) The value of life insurance or accidental death benefits issued for other siblings or immediate family members, and if not grossly proportional to the underwritten policy benefit or individually equivalent to coverage on other family members, why proportionality or equivalency was not required.

(e) Whether the overall amount of insurance on the juvenile exceeds the annual household income, and if so, why such an amount was approved.

(5) For each application for juvenile life insurance rejected by an insurer, each insurer must maintain at its home or principal office a complete file containing the original signed application, underwriting analysis, correspondence with the applicant and any other documents pertinent to the decision to reject the applicant as an insured, for a period of not less than ten years from the date the application was signed by the applicant. Such file shall be subject to inspection by the insurance commissioner.